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SUBJECT: DAS PEKALA VISITS ESTONIA, OCTOBER 3-4

¶1. (U) SUMMARY: Estonian government and political leaders told visiting EUR DAS Pekala October 3-4 that the GOE is committed to extending the mandate of Estonia's troops in Iraq but that upcoming parliamentary elections will complicate the debate in parliament. They also expressed deep concern over Russia's actions in Georgia. GOE officials committed to further increases in the military budget and continued transparency in the MOD's tender for a short range missile system and stressed the need for NATO to continue air policing in the Baltics until 2018. All sides hailed the strong bilateral relationship and expressed a desire to move toward visa-free travel for Estonians. DAS Pekala echoed the themes of his visit publicly at a press conference that received widespread media coverage from both Estonian and Russian language media outlets. END SUMMARY

IRAQ

¶2. (U) DAS Pekala thanked and praised Estonia for its contributions to the war in Iraq and made clear that its efforts have not gone unnoticed in Washington. Lauri Almann, Permanent Undersecretary for the Ministry of Defense (MOD), told Pekala that the GOE takes these missions very seriously. The GOE has already approved a bill extending the mission of Estonian troops in Iraq for a further 12 months. However, the GOE is waiting to submit the bill to Parliament until there is a UN Security Council Resolution (UNSCR), as this is a red line for the Parliament. Pekala informed Almann and MOD Deputy Undersecretary Tumm of the UNSCR's likely timetable. MOD interlocutors and FM Urmas Paet both said that the earlier the UNSCR's adoption the better, so Parliament could pass the bill before the winter recess.

¶3. (SBU) Barring further fatalities, GOE officials and politicians agreed that Iraq will not influence the upcoming parliamentary elections in March 2007. However, Almann said that "the elections will influence the Iraq mandate extension vote." In a roundtable with Parliamentarians, MP Eiki Nestor informed Pekala that his own party, the Social Democrats, was still deeply divided by Iraq, and he could not predict how his party would vote. Juhan Parts, former Prime Minister and Res Publica MP, stressed that people in Washington should know that his party's support for the Iraq mission is not popular with the public. He suggested that President Bush, during his visit to Estonia, should

thank Estonia for its contributions in both Iraq and Afghanistan so that the public knows that Estonia's efforts are not taken for granted and are appreciated by the global community.

RUSSIA AND THE NEIGHBORHOOD

¶4. (U) DAS Pekala praised the Estonians for their active role in promoting democracy and freedom within the region, especially Georgia, Moldova, Ukraine, and the western Balkans. He said that Washington deeply appreciates Estonia's role, especially since it experienced the same challenges and hurdles inherited from the Soviet days and has proven that market and political reforms are not only possible but can be successful. Estonia's positive role as a model to the "neighborhood" was the principal theme of Pekala's meeting with outgoing President Arnold Ruutel, who said that he intends to use his personal relationship with other Eastern European, Caucasus and Central Asian leaders to continue promoting democratic transformation after he leaves office. Pekala said he thought the idea was a good one and asked that Ruutel remain in close contact with Embassy Tallinn on the issue.

¶5. (SBU) There is a great deal of concern within the GOE and the Parliament on the recent dispute between Russia and Georgia. Pekala categorically refuted accounts that the U.S. coordinated anything in advance with Georgian President Saakashvili. Pro Patria MP Mart Laar, a former Prime Minister and current advisor to Georgian President Saakashvili, called the Russian behavior "unacceptable." Social Democratic MP Erki Nestor said that he visited Georgia the previous winter and was "almost reduced to tears by the hardship caused by the Russians when they stopped the oil." All the MPs agreed that Estonia needed to continue and increase its aid and support to Georgia, especially in light of the Russian economic and transport embargo on Georgia. Almann was concerned that the Russians would try to link this turbulence with Georgia's aspirations for Intensified Dialogue on NATO membership, which Estonia continues to support.

¶6. (SBU) As far as bilateral Estonian-Russian relations are concerned, FM Paet and Ambassador Wos expressed mutual disappointment at their separate meetings with the newly arrived Russian ambassador in Tallinn. His accusatory rhetoric seems a throwback to a time of worse relations between the two countries, and out of step with ongoing Estonian efforts to cooperate with Russia across the broad range of issues in which both are engaged.

MILITARY ISSUES

¶7. (SBU) Pekala had a frank discussion with Almann and Tumm on air policing. Almann said that the GOE was working on a permanent solution in concert with Latvia and Lithuania. They will request that NATO air policing continue until 2018, at which time the Baltics will take on the financial and material responsibility for air policing. Almann stated that if NATO did not provide air policing until 2018, there would likely be a direct effect on Estonia's contribution in Afghanistan and other NATO operations (as it would have to transfer funding from operations). He noted that no decisions had been made on whether Estonia would assume air policing responsibility on its own or regionally with the other Baltics in some cost sharing fashion after 2018. FM Paet also touched on this issue, noting that the Russian airbase at Pskov is only 300km from Estonia, while the NATO base in Lithuania is 600km away.

¶8. (U) Pekala praised the MOD and Estonian Defense Forces (EDF)'s efforts in modernizing and transforming

the military per Estonia's NATO commitments. Almann said that while there are still challenges ahead, there is real satisfaction with the accomplishments and progress Estonia has made. Hardware upgrades to improve air surveillance, mine countering ships for the navy, and strategic lift are moving ahead. Due to the booming economy and the GOE's commitment to reaching the NATO objective of spending 2% of GDP on defense spending, Tumm said that the EDF's budget will increase by 33% this fiscal year alone. This has created a unique situation for the military: it can raise salaries for its soldiers (especially the enlisted soldiers and NCOs) without diverting funds from hardware procurement.

¶9. (SBU) Pekala thanked Almann and Tumm for the transparency to date in the MOD's tender process for a short-range ground based air defense system (SHORAD). He stressed the importance of a fair process where the final determinant is based on performance and price. Pekala reminded Almann and Tumm that the Raytheon bid represented proven and battle-tested equipment and service. Almann said that the MOD understood the importance of this tender and the precedent it will set. "That is why we are even going above our legal requirements to be seen as fair and transparent," he commented. Almann added that he is extremely happy with all three bids and the process so far.

INVESTMENT AND VISA WAIVER

¶10. (U) Throughout his visit, and especially during a final meeting on the subject of attracting more investment to Estonia, DAS Pekala expressed the clear recognition in Washington that Estonian membership in the Visa Waiver Program (VWP) would increase business travel and other types of exchanges between the two countries. Though impossible to predict how the U.S. Congress will handle immigration issues, he said the USG is committed to progress on this one difficult issue in what is an otherwise outstanding bilateral relationship.

PRESS CONFERENCE

¶11. (U) At the conclusion of his visit, DAS Pekala held a press conference in which he echoed the themes of his meetings. In particular, he commented on the excellent state of the U.S.-Estonian relationship and praised Estonia for its contribution of military resources to promote freedom in Iraq and Afghanistan and its efforts to promote democracy in the region through its work in Georgia, the Ukraine, and elsewhere. He also expressed his hope that U.S. investment in Estonia will increase. DAS Pekala fielded questions regarding Estonia's status in the VWP and emphasized that the USG is working closely with the Estonian government to help Estonia qualify under the terms of the Roadmap. Coverage of the press conference was extensive, and DAS Pekala's comments were featured in the Estonian and Russian-language newspapers as well as Estonia's leading nightly news program.

¶12. (U) DAS Pekala has cleared this cable.

WOS